

**DOCKET FOR REGULAR COUNCIL MEETING OF
TUESDAY, MAY 15, 2001 AT 10:00 A.M.
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ORDINANCE TO BE INTRODUCED:

Item 52.

RESOLUTIONS TO BE ADOPTED:

Items 100, 101, 102, 103, 104, 105, 106, 107, 108 and 109.

ADOPTION AGENDA, CONSENT ITEMS

ORDINANCES INTRODUCED AT A PREVIOUS MEETING, READY FOR DISPENSING WITH THE READING AND ADOPTION:

* ITEM-50: Fairbanks Summit Rezoning.

(RZ-99-1364. Black Mountain Ranch Subarea I. District-1.)

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 5/1/2001. (Council voted 8-0. District 6 vacant.):

(O-2001-135)

Rezoning a 20.72-acre site located along the southwest boundary of Black Mountain Ranch, west of the South Village within Black Mountain Ranch, east of Fairbanks Ranch, and west of the future extension of Camino Ruiz, in the Black Mountain Ranch Subarea I Planning area, from the AR-1-1 Zone (previously referred to as the A-1-10 Zone) to the RS-1-11 Zone (previously referred to as the R-1-10,000 Zone).

ADOPTION AGENDA, CONSENT ITEMS

ORDINANCES INTRODUCED AT A PREVIOUS MEETING, READY FOR DISPENSING WITH THE READING AND ADOPTION:

* ITEM-51: The Allen Group Headquarters Rezoning.

(RZ-40-0180. Carmel Valley Community Plan Area. District-1.)

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 5/1/2001. (Council voted 8-0. District 6 vacant.):

(O-2001-136)

Rezoning 1.1 acres located on the southeast corner of El Camino Real and Valley Centre Drive, within the Carmel Valley Community Plan area, from

the VC (Visitor Commercial) Zone into the SC (Specialized Commercial) Zone.

ADOPTION AGENDA, CONSENT ITEMS
ORDINANCE TO BE INTRODUCED:

* ITEM-52: Bid to Goal Agreement for the Wastewater Collection Division of MWWD.

(See City Manager Report CMR-01-069.)

TODAY'S ACTION IS:

Introduce the following ordinance:

(O-2001-141)

Introduction of an Ordinance authorizing the City Manager to sign a Memorandum of Understanding and to accept a responsible bid prepared by the Metropolitan Wastewater Department Labor/Management Partnership for the operation and maintenance of the City's wastewater collection/conveyance system.

NATURAL RESOURCES AND CULTURE COMMITTEE'S RECOMMENDATION:

On April 18, 2001, NR&C voted 4 to 0 to approve and give direction to the City Manager to pursue this program in other City Departments with the Water Department as the next candidate for consideration. (Councilmembers Peters, Wear, Madaffer and Inzunza voted yea.)

ADOPTION AGENDA, CONSENT ITEMS
RESOLUTIONS:

* ITEM-100: Community and Economic Development Programs and Policies.

(See City Manager Reports CMR-01-083 and CMR-01-051.)

TODAY'S ACTION IS:

Adoption of the following resolution:

(R-2001-1441)

Authorizing the City Manager to accept the Community and Economic Development Programs and Projects Report;

Accepting the City Manager's recommendation to update the Community and

Economic Development Strategy, as revised by the Public Safety and Neighborhood Services Committee;

Authorizing the City Manager to accept the amendments to City Council Policy No. 900-12.

PUBLIC SAFETY AND NEIGHBORHOOD SERVICES COMMITTEE'S RECOMMENDATION:

On March 21, 2001, PS&NS voted 3 to 0 to accept the City Manager's report, Draft Economic Development Strategy, and proposed amendments to Council Policy 900-12, with the following changes to the Strategy: (Councilmembers Atkins, Stevens and Maienschein voted yea. Councilmember Inzunza not present.)

- A) Page 11, action item #1: eliminate the word "such".
- B) Page 22, item #5: add the words (underlined): "...broad economic and social impacts and the quality of jobs created by the specific project."
- C) Emphasize the need to locate workforce training programs in those neighborhoods with high unemployment.

ADOPTION AGENDA, CONSENT ITEMS RESOLUTIONS:

- * ITEM-101: Appointment of the City Treasurer.

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1501)

Council confirmation of the appointment of the City Treasurer of the City of San Diego by City Manager Michael T. Uberuaga pursuant to Section 45 of the City Charter.

ADOPTION AGENDA, CONSENT ITEMS RESOLUTIONS:

- * ITEM-102: Appointment of Simon Coleman to the Qualcomm Stadium Advisory Board.

(See memorandum from Mayor Murphy dated 4/23/2001 with resume attached.)

MAYOR MURPHY'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1500)

Council confirmation of the appointment by the Mayor of Simon F. Coleman to serve as a member of the Qualcomm Stadium Advisory Board, for a term ending January 1, 2002, replacing John W. Carlson, who has resigned.

ADOPTION AGENDA, CONSENT ITEMS
RESOLUTIONS:

* ITEM-103: Elder Abuse and Same Sex Domestic Violence Program Grant.

CITY ATTORNEY'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1346)

Authorizing the City Attorney to submit the proposals to the Office of Criminal Justice Planning (OCJP) and to sign and approve on behalf of the City Council the Proposal and Grant Award Agreement, including any extensions or amendments;

Declaring that the City agrees to provide all matching funds required for the project (including any amendment) under the Program and the funding terms and conditions of OCJP and that the cash match will be appropriated as required;

Declaring that any liability arising out of the performance of the Grant Award Agreement, including civil court actions for damages, shall be the responsibility of the grant recipient and the authorizing agency. The State of California and OCJP disclaim responsibility for any liability;

Declaring that the grant funds received shall not be used to supplant expenditures controlled by this body;

Declaring that this resolution shall be in effect for a three-year period beginning March 1, 2001 and ending February 28, 2002.

SUPPORTING INFORMATION:

This is the renewal of a project started in 1998. The project will continue to address elder abuse and same sex domestic violence in the City of San Diego. During the period 1994-1995, there were 387 elder abuse cases reported, however, in a study conducted by the National Center on Elder Abuse, approximately 14 times as many cases go unreported, approximately 5,418 cases. While there is little research on same sex domestic violence, the San Diego Police Department reported that same sex domestic violence cases increased from 1.6 % to 2.6 % of the total domestic violence cases between 1993 and 1996. There has been

a steady increase in the number of elder abuse cases prosecuted since the inception of this grant. The caseload has increased from 31 cases during the first year to the current expected 52 cases. The caseload for same sex cases has averaged 30 per year for the three year grant period.

Swett

ADOPTION AGENDA, CONSENT ITEMS
RESOLUTIONS:

* ITEM-104: Safe Routes to School Grant Program Application.

(See City Manager Report CMR-01-087. City Heights, Greater North Park, Normal Heights, San Pasqual, Torrey Pines and Uptown Community Areas. Districts-1,2,3,5,7,8.)

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1488)

Authorizing the application and execution of the Safe Routes to School Program for the following projects:

- 1) Jefferson Elementary School (Greater North Park)
- 2) Birney Elementary School (Uptown)
- 3) Adams Elementary School (Normal Heights)
- 4) San Pasqual Union School (San Pasqual)
- 5) Del Mar Heights Elementary School (Torrey Pines)
- 6) Euclid Avenue Elementary School (City Heights)

ADOPTION AGENDA, CONSENT ITEMS
RESOLUTIONS:

* ITEM-105: Grant Application - Updates for La Jolla and La Jolla Shores Planned District Ordinances.

(La Jolla and La Jolla Shores Community Areas. District-1.)

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1395)

Authorizing application to the California Coastal Commission for funding from their Local Coastal Program Planning Grant.

CITY MANAGER SUPPORTING INFORMATION:

The City of San Diego has been notified of the approval of grant funds from the California Coastal Commission for the updating of the La Jolla / La Jolla Shores Planned District Ordinances (PDOs). The award of these funds is contingent upon the approval of the La Jolla / La Jolla Shores Local Coastal Program Land Use Plan by the City Council prior to June 2001. Should the Local Coastal Program Land Use Plan not be completed by June 2001, the grant for the Planned District Ordinance updates will be reviewed by the California Coastal Commission to determine if the grant should be terminated and the funds reallocated. Updating the PDOs at that time would provide consistency between the policy document and the implementing regulations.

The grant funding approved from the California Coastal Commission for the updates of the La Jolla and La Jolla Shores Planned District Ordinances, as detailed in the accompanying grant application work program, will not exceed \$23,548.

FISCAL IMPACT:

If awarded, this would result in a grant of \$23,548. The grant requires a one-to-one matching of funds, however, this program is already funded for this fiscal year and would make available an equivalent amount of money for other Land Development Code programs.

Loveland/Haase/SDD

**ADOPTION AGENDA, CONSENT ITEMS
RESOLUTIONS:**

* ITEM-106: Funding for Eleven (11) Bicycle Projects.

(See City Manager Report CMR-01-084.)

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1475)

Authorizing the City Manager to apply for a total of \$3,116,500 in TDA/TransNet Funds from SANDAG for eleven Bicycle Projects:

1. Ocean Beach /Hotel Circle Bike Path Design (Mission Valley, Dist. 6)
2. Camino Del Rio North Bike Lanes (Mission Valley, Dist. 6)

3. Tierrasanta Bike Path Design (Tierrasanta & Navajo, Dist. 7)
4. Friars Road Bike Path Improvement Design (Mission Bay Park & Mission Valley, Dists. 2 & 6)
5. Mission Trails Bike Path Study (Navajo & Tierrasanta, Dist. 7)
6. San Pasqual Road Bikeway Study (San Pasqual, Dist. 5)
7. Home Avenue/C Street Bicycle Path (Mount Hope, Dist. 4)
8. Vista Sorrento Parkway Bike Lanes (Torrey Pines & Mira Mesa, Dists. 1 & 5)
9. Bicycle Safety and Commuting Education Program (City-wide)
10. Funding for miscellaneous bikeway improvements (City-wide)
11. State Route 56/Camino Ruiz Grade-Separated Bicycle Path

Authorizing the City Manager to take all necessary actions to secure funding from SANDAG for the bicycle projects;

Authorizing the City Manager to accept, appropriate and expend funds if grant funding is secured;

Authorizing the City Auditor and Comptroller to establish a special interest-bearing fund for the grants.

ADOPTION AGENDA, CONSENT ITEMS
RESOLUTIONS:

- * ITEM-107: Amending the FY2001 Capital Improvement Program Budget for Silver Terrace Park.

(Linda Vista/Mission Valley Community Areas. District-6.)

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1437)

Authorizing the City Manager to appropriate and expend \$231,760 (\$15,000 from Linda Vista Development Impact Fees, Fund No. 79503 and \$216,760 from Serra Mesa Park Service District Fees, Fund No. 11390) to CIP-29-497.0, Silver Terrace Park, for the design and construction of Silver Terrace Park;

Authorizing the City Auditor and Comptroller to amend the Fiscal Year 2001 Capital Improvements Program Budget to reflect the additional appropriation and expenditure of \$231,760 for CIP-29-497.0, Silver Terrace Park.

CITY MANAGER SUPPORTING INFORMATION:

The proposed Silver Terrace Park is located on the north side of Friars Road between Napa Street and Colusa Street, on the edge of the Linda Vista Community Planning Area. The proposed project originally consisted of a .28 acre parcel of City-owned land to be developed as a mini park. The park was designed, however, prior to construction, the community requested a larger park facility. Consequently, an additional .61 acre of contiguous City-owned land was added to the project boundaries, for a total acreage of .89. The park will be redesigned to include the additional acreage. Park amenities could include passive turf and picnic areas, playground, parking, walkways, seating and landscaping.

FISCAL IMPACT:

Funds are available in the amount of \$231,760 from Linda Vista Development Impact Fees, Fund No.79503 (\$15,000), and Serra Mesa Park Service District Fees, Fund No.11390 (\$216,760) to supplement existing funding for the design and construction of this project.

Loveland/McLatchy/DVW

Aud. Cert. 2101098.

ADOPTION AGENDA, CONSENT ITEMS RESOLUTIONS:

* ITEM-108: Planned Parenthood of San Diego and Riverside Counties Day.

COUNCILMEMBERS ATKINS AND PETERS'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1503)

Proclaiming May 24, 2001 as “Planned Parenthood of San Diego and Riverside Counties Day”;

Encouraging city residents to become more familiar with services provided by PPSDRC and understanding its important role in the community.

ADOPTION AGENDA, CONSENT ITEMS RESOLUTIONS:

* ITEM-109: Three actions related to National Public Works Week, National Historic

Preservation Week and California Archaeology Month.

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolutions:

Subitem-A: (R-2001-1485)

Proclaiming May 20 through 26, 2001 to be “National Public Works Week” in San Diego, and calling upon all citizens and civic organizations to familiarize themselves with issues involved in providing public works and recognizing the public works officials who each day contribute to health, safety and quality of life.

Subitem-B: (R-2001-1484)

Proclaiming May 13 through 19, 2001 as “National Historic Preservation Week” and calling upon the people of San Diego to join their fellow citizens across the United States in recognizing and participating in this special observance.

Subitem-C: (R-2001-1483)

Proclaiming May 2001 as “California Archaeology Month” and encouraging all citizens to take the time to learn more about the archaeological history of our great state and ways we can help to protect and preserve this very important part of California.

**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
RESOLUTIONS:**

ITEM-200: Two actions related to Tax and Revenue Anticipation Notes (TANS) FY2001-2002.

CITY MANAGER'S RECOMMENDATION:

Adopt the following resolutions:

Subitem-A: (R-2001-1486)

Authorizing the City Manager and City Treasurer to issue Tax and Revenue Anticipation Notes (TANS) in one or two series for an amount not to exceed \$150,000,000 in Fiscal Year 2001-2002 and to execute all agreements in connection therewith;

Authorizing the City Manager or designee to sell the Notes at a public sale pursuant to the procedures set forth in the accompanying document and in the Notice Inviting Bids;

Authorizing the execution of an agreement with Stradling, Yocca, Carlson & Rauth to act as Bond Counsel for the issuance of the Notes;

Authorizing the execution of an agreement with Evensen Dodge, Inc. and Gardner, Underwood and Bacon to serve, collectively, as financial advisor for the TANS issuance;

Approving the proposed form of the Preliminary Official Statement to be used in connection with the offering and sale of the Notes.

Subitem-B: (R-2001-1490)

Specifying the purposes, terms and conditions of the Tax Anticipation Notes; prescribing the form of the Notes; authorizing the appointment of a paying agent for the Notes; authorizing City Officials to take all actions required for the issuance, sale and delivery of the Notes; and making certain findings and determinations in connection therewith.

CITY MANAGER SUPPORTING INFORMATION:

The City normally experiences cash flow deficits during the fiscal year in the General Fund as a result of uneven timing of receipt of revenues while expenditures occur at level amounts throughout the year. The uneven pattern of revenue is primarily due to the receipt of secured property tax payments, which occur in December and April of each year, as well as reimbursements from the State of California and federal government agencies.

In order to pay operating expenses prior to the receipt of the revenues, the City issues short term financing in the form of Tax Anticipation Notes (TANS). The TANS program is self supporting in that the interest revenue earned on the reinvestment of the notes proceeds pays for the debt service and any costs or expenses associated with the issuance of the notes.

Taking advantage of technological improvements, the City of San Diego will be using a Web based auction site to accept all TANS bids. The preliminary official statement will also be published on the web.

FISCAL IMPACT:

Earnings received as a result of reinvesting the Note proceeds will more than offset all costs of issuing the Notes.

Frazier/Irvine/CMJ

Aud. Cert. 2101130.

ADOPTION AGENDA, DISCUSSION, HEARINGS

SPECIAL HEARING:

ITEM-201: Conference with Real Property Negotiator, pursuant to California Government Code Section 54956.8:

Property: Mission Bay Aquatic Center
Approximately 23,261 square feet (.534 acres) of City-owned property located on the southern portion of Santa Clara Point in Mission Bay Park.

City Negotiator: Real Estate Assets Director.

Negotiating Parties: Associated Students - San Diego State University and The University of California, San Diego operating as the Mission Bay Aquatic Center.

Under Negotiation: Terms of New Lease Agreement.

Prior to Council discussion in Closed Session and in compliance with the Brown Act, (California Government Code Section 54956.8) this issue is listed on the docket **only** for public testimony.

There is no Council discussion of this item. The City Council's actions are:

1) Open the Public Hearing and accept testimony from any members of the public wishing to address the Council on this subject; 2) Conclude and close the public hearing; and 3) Refer the matter to Closed Session on May 22, 2001.

NOTE: Members of the public wishing to address the Council on this item should speak "in favor" or "in opposition" to the subject.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS

ORDINANCES TO BE INTRODUCED, WITH RESOLUTIONS TO BE ADOPTED:

ITEM-202: Four actions related to Fiscal Year 2001-2002 Salary Ordinance and Resolutions.

PERSONNEL DIRECTOR'S RECOMMENDATION:

Introduce the ordinance in Subitem A; adopt the resolutions in Subitems B, C and D:

Subitem-A: (O-2001-144)

Introduction of an Ordinance establishing a Schedule of Compensation for Officers and Employees of the City of San Diego for the Fiscal Year 2001-2002.

Subitem-B: (R-2001-1472)

Establishing overtime eligibility of Classifications in the Classified Service.

Subitem-C: (R-2001-1473)

Amending employee representation units to add new classifications and remove deleted classifications from existing appropriate units as established in the Fiscal Year 2001-2002 Salary Ordinance.

Subitem-D: (R-2001-1474)

Authorizing classifications eligible for the Management Benefits Plan.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS

ITEM-330: FY2002 Consolidated Plan.

(See Housing Commission Report HCR-01-001 and Fiscal Years 2001-2002 Consolidated Plan.)

SAN DIEGO HOUSING COMMISSION'S RECOMMENDATION:

Adopt the following resolution:

(R-2001-1417)

Authorizing submission of the FY2002 Consolidated Plan to the U.S. Department of Housing and Urban Development.

NOTE: This is a companion item to FY2002 Community Development Block Grant Program and Social Service Funding.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS

ITEM-331: Two actions related to Council Discussion and Decisions regarding the FY 2002

Community Development Block Grant (CDBG) Social Service Funding.

(Continued from the meeting of April 24, 2001, Item 330, at the Mayor's request, due to lack of time.)

NOTE: The public testimony portion of the hearing is closed. Public testimony was taken on 5/8/2001.

TODAY'S ACTIONS ARE:

Hold the Council discussion and decisions in Subitem A and adopt the resolution in Subitem B:

Subitem-A:

Approving the funding allocations for the FY 2002 Community Development Block Grant (CDBG) Social Service Program and identifying the projects to be incorporated into the City's FY 2002 Action Plan.

Subitem-B: (R-2001-1353)

Approving the funding allocations for the FY2002 Community Development Block Grant (CDBG) Program, and incorporating projects funded into the City's FY2002 CDBG Action Plan;

Authorizing the Manager to submit the FY2002 Community Development Block Grant (CDBG) Action Plan to the U.S. Department of Housing and Urban Development and upon acceptance, execute grant agreements for Federal Fiscal Year 2001 Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Investment Partnership (HOME) and Housing Opportunities for People with AIDS (HOPWA) funds;

Approving the funding allocations, contingent upon certification of funds availability by the City Auditor and Comptroller, from the General Fund, Community Development Block Grant Program, Emergency Shelter Grant and Housing Opportunities for People with AIDS for FY2002 Social Service programs;

Authorizing the City Manager to negotiate and execute agreements with all programs approved for funding, contingent upon certification of funds availability by the City Auditor and Comptroller;

Authorizing the City Manager to reprogram funding from prior year CDBG funded projects to FY2002 projects, as adopted by Council, contingent upon certification of funds availability by the City Auditor and Comptroller;

Authorizing the Executive Director of the Housing Commission to negotiate and execute agreements with all funded programs whose allocations the City Manager asks the Housing Commission to administer, contingent upon certification of funds availability by the City Auditor and Comptroller.

PUBLIC NOTICES:

Items are listed under Public Notice as a matter of public record only. These items do not require Council action.

ITEM-350: Notice of Completion and Acceptance of Subdivision Improvement Agreement.

Notice is hereby given that the City Manager of the City of San Diego intends to file a "Notice of Completion and Acceptance of Subdivision Improvement Agreement" indicating that the improvements included in the Subdivision Improvement Agreement have been satisfactorily completed for the following subdivisions:

SUBDIVISION

South Creek Parcels 35-48 Unit No. 10

Coral Gate Unit No. 4

Stone Crest Village Unit No. 1

AREA

Sabre Springs Community

San Ysidro Community

Kearny Mesa Community

The certification shall be recorded 15 days after the date this notice appears on the Council Docket or shortly thereafter. If any person wishes to object to the filing of this notice, such person should communicate the objection on or before that date to the Director of Planning and Development Review or to the Subdivision Engineer, City Operations Building, 1222 First Avenue (MS 507), San Diego, CA 92101.

ITEMS PULLED FROM CONSENT AGENDA

NON-DOCKET ITEMS

ADJOURNMENT IN HONOR OF APPROPRIATE PARTIES

ADJOURNMENT



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: April 11, 2001

REPORT NO. 01-069

ATTENTION: Natural Resources and Culture Committee
Agenda of April 18, 2001

SUBJECT: Public Contract Operations (Bid to Goal) Agreement for the Wastewater
Collection Division of the Metropolitan Wastewater Department

REFERENCE: Manager's Report No. 98-33

SUMMARY

Issue - Shall Council ratify the "Bid to Goal" Memorandum of Understanding (MOU) with the Metropolitan Wastewater Department (MWWD) Wastewater Collection Division (WWC) Labor / Management Partnership, and authorize the City Manager to approve and accept a responsible bid by the Partnership?

Manager's Recommendation - Ratify the MOU and authorize the City Manager to approve and accept a responsible MWWD WWC Labor / Management Partnership bid.

Other Recommendations:

(1) - The City's Competition Committee and Competition Advisory Panel received presentations and reviewed results at key points over the two year competitive assessment of WWC and attendant development of the WWC Public Contract Operations (Bid to Goal) Agreement. This joint oversight group supports the City Manager's Recommendation.

(2) - As part of the team that developed the MOU, both the American Federation of State, County, and Municipal Employees - Local 127, and the San Diego Municipal Employees Association support the City Manager's Recommendation.

Fiscal Impact - Implementation of the WWC Public Contract Operations Agreement will stabilize operations and maintenance budgets associated with the City's wastewater conveyance infrastructure at a level indicated to be competitive in the current marketplace. Further, incentives will be put in place to continuously improve effectiveness and efficiency for the benefit of employees and ratepayers.

BACKGROUND

The purpose of this report is to convey the basic findings of the two year competitive assessment of the MWWD Wastewater Collection Division (WWC) and to obtain authorization to proceed with a Public Contract Operations (Bid-to-Goal) Agreement modeled on the successfully piloted program in the MWWD Operations and Maintenance Division (O&M).

In 1998, City Council authorized a pilot Public Contract Operations (Bid to Goal) Agreement with the MWWD O&M Labor / Management Partnership in connection with the City's wastewater treatment facilities. This pioneering agreement was developed collaboratively with the division's labor organizations and the City Manager's Office. It combined the most beneficial features of the private and public sectors, including the following:

- public sector features -
 - **Retains public control** of valuable infrastructure funded by public dollars
 - **Avoids for-profit conflict** with public health and safety services
 - **Retains budget savings** (as opposed to privatized Contract Operations in which productivity gains are generally retained by the corporate service provider in the form of profit)
 - **Retains public sector financing advantages** such as preferred borrowing rates and no requirement for revenues to cover tax liabilities and profits
- private sector features -
 - **Utilizes competitive budgets** derived via externally developed benchmarks (like mock bids) reflecting best industry practices
 - **Utilizes formal contract-like agreements** to provide mutual accountability and specificity with regard to competitive budgets, term, scope and levels of service, performance reporting and monitoring, circumstances and consequences of default, etc.
 - **Incorporates performance incentive programs** that reward organizational productivity through workforce gainsharing-type programs

The major aim of this strategy and structure was to implement and sustain productivity optimization measures determined by independent assessment and employee involvement. A mock competitive bid by an industry expert consultant during the related organizational assessment process had indicated that operations and maintenance of the wastewater treatment facilities could be performed by the private sector for about 18% below existing budgets (amounting to \$77 million in savings over the six year term of the agreement). The O&M Bid-to-Goal Agreement incorporated this competitive level as its budget objective, and also put in

place an employee incentive system to reward savings beyond this budget objective. Through three years of this agreement, all effectiveness goals have been met and cumulative savings of over \$50 million (when compared to previous projections) have been realized. These savings are well ahead of the six year 18% budget reduction goal. The methodology and structure of this Bid to Goal optimization strategy have been received positively in numerous professional conferences and are being considered for implementation in various forms across the country.

The MWWD **WWC** Division operates and maintains the City's extensive **wastewater conveyance (or collection) system**, consisting of nearly 3,000 miles of pipeline and over 80 pumping stations. In 1999, WWC began a two year assessment, benchmarking and optimization study as part of the City Optimization Program.

DISCUSSION

The WWC assessment and optimization study was conducted by two consultants with separate but complementary responsibilities. The "Benchmarking" consultant reported directly to the City Optimization Program Manager and was responsible for a detailed benchmarking study and a mock bid to gauge the private sector competitive budget level for this operation. The "Optimization" consultant was deployed to work more directly with the workforce to determine best industry practices, perform an independent operational assessment, and integrate all information from the workforce and from both consultant efforts into an Optimization Plan.

As opposed to the 1998 experience in assessing the O&M Division budgets for the treatment plants, the WWC Division mock bid indicated that the operating and maintenance budget for the conveyance system is in the competitive range. However, both the mock bid analysis and the optimization study indicated or recommended a number of measures to better utilize resources and continuously move toward best industry practices. Additionally, a related and special interest tasking involved consultant development of viable targets for Sanitary Sewer Overflow (SSO) reductions as primary indicators of desired service levels for policy makers, employees and ratepayers. These targeted reductions are intended to protect the environment and support the Mayor's goal of reducing beach postings and closures.

Utilizing the successful O&M model as a basis, a six year WWC Public Contract Operations (Bid-to-Goal) Memorandum of Understanding (MOU) has been crafted (draft attached) as the appropriate vehicle to track and manage the results of the WWC optimization effort. This MOU (1) provides for the formal formation of an MWWD WWC Labor / Management Partnership, (2) specifies multi-year competitive budgets and SSO reduction targets reflective of the independent benchmarking and assessment studies, and (3) establishes an accountability framework that includes requirements for performance monitoring and reporting, an employee incentive program to motivate performance levels better than specified goals and targets, and default thresholds as consequences of possible performance shortfalls. A follow-on bid document submitted by the WWC Labor / Management Partnership will provide supporting interpretive and administrative detail as required by the City Manager to complete the agreement.

One notable and innovative feature of this agreement is the acknowledgment of the importance of the funding and execution of the associated Capital Improvement Program (in concert with optimized operations and maintenance practices) to achieving the goals and targets associated with overall asset management of this vital City infrastructure. In that light, a key effort has been initiated to develop a performance pay program for City employees not strictly covered by the WWC assessment, but supportive of the desired optimization goals and targets. This program is intended to foster Citywide teamwork, cross-functional cooperation and focused delivery of services aimed at increasing the probability of achieving WWC goals and targets.

In summary, ratification of the WWC Public Contract Operations (Bid-to-Goal) MOU and authorization of the City Manager to accept and approve the attendant bid will provide the mechanisms to implement terms and agreements designed to (1) assure competitive budget goals and viable SSO reduction targets, and (2) facilitate the establishment of a WWC Labor / Management Partnership committed and equipped to meet the goals and targets. This strategy and structure combines the best aspects of the public and private sectors and is most appropriate for a large, complex operation concerned with public health and safety.

ALTERNATIVE

1. Do not ratify the MOU or authorize the City Manager to accept a responsible bid. This is not recommended because the MOU is consistent with the objectives of the City Optimization Program and has been developed with input from the City Optimization Program Office, the Metropolitan Wastewater Department, the Municipal Employees Association and Local 127 of the American Federation of State, County and Municipal Employees.

Respectfully submitted,

F. D. Schlesinger
Director
Metropolitan Wastewater Department

Approved: George Loveland
Senior Deputy City Manager

SCHLESINGER/JNH

Attachment: 1. **DRAFT** MWWD WWC Public Contract Operations (Bid-to-Goal) MOU



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: March 15, 2001 REPORT NO. 01-051

ATTENTION: Public Safety & Neighborhood Services Committee
Agenda of March 21, 2001

SUBJECT: Community and Economic Development Programs and Policies

REFERENCE: City Council Policy 900-01
City Council Policy 900-12

SUMMARY

Issues B 1.) Should the City Council accept the City Manager's Programs and Projects Report? 2.) Should the City Council accept the City Manager's recommendation to update the Community and Economic Development Strategy? 3.) Should the City Council amend Council Policy 900-12 to reflect changes in the law?

Manager's Recommendation B 1.) Accept the Report, 2.) Update the Strategy, and 3.) Amend Council Policy 900-12.

Fiscal Impact B None with this action.

BACKGROUND

As outline in City Council Policy 900-01, the City Manager is to provide an annual Economic Development Program review and biennial Strategic Plan. The annual review is submitted as Attachment 1 and the draft Strategy update is submitted as Attachment 2 to this Report. The scope of the Report and Strategy are expanded to cover the entire Community and Economic Development Department to include Community Services Division functions.

DISCUSSION

The Community and Economic Development Department is responsible for a broad range of programs, projects, and other activities affecting neighborhoods, the economy, and increasing City revenues. Also, the Department administers over 300 contracts worth more than \$100 million. Because of the number of these activities, the attached annual report covers just the major programs and activities. The City's economic development strategy currently in effect focuses on providing business development assistance to targeted industries, as a response to the economic downturn of the early and mid-1990's. The strategy was informed principally by research the City conducted on industry clusters in 1994-1995. Since that time, the regional economy has improved and, further, more detailed research on industry clusters has been completed. In addition, San Diego's quality of life is increasingly coming to the fore as an economic development issue. As the City Council considers updating its General Plan consistent with the "City of Villages" concept, it is timely to reconsider and update the Community and Economic Development strategy.

The draft Strategy contained at Attachment 2 provides detail concerning the direction of the regional economy, recent industry cluster research, a summary of strategic issues, and recommendations for realigning the City's strategy. The principal recommendations for change are to redirect business incentives from what has been a broad range of industries and development projects to, instead, a narrowly targeted range of industries and projects to encourage reinvestment in our older communities and to implement "smart growth" principles. It also includes recommendations for issues to research and consider for future action, such as incentives for energy independence.

City Council Policy 900-12 has been the primary vehicle by which the Department's Economic Development Division has carried out business and industry assistance. Changes in the law resulting from court decisions require that the Policy be updated. A draft amended Council Policy 900-12 is at Attachment 3. The amendment removes those out-of-date provisions, clarifies some ambiguities, incorporates incentives adopted by the City Council but previously not included in the Policy, and provides more detail on administrative procedures.

ALTERNATIVES

- 1.) Do not accept the Annual Community and Economic Development Report.
- 2.) Do not update the Community and Economic Development Strategy.
- 3.) Modify the draft Community and Economic Development Strategy.
- 4.) Do not amend City Council Policy 900-12.

Respectfully submitted,

Hank Cunningham
Director
Community and Economic Development

Approved: Bruce Herring
Deputy City Manager

CUNNINGHAM/MDJ

Attachments:

1. Community and Economic Development Department Programs and Projects
2. Draft Community and Economic Development Strategy
3. Council Policy 900-12 (draft, current, and strikeout and underlined versions)